

EASTSPRING INVESTMENTS DANA AL-ILHAM

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018



Dear Valued Investor,

Greetings from Eastspring Investments Berhad!

First and foremost, we would like to take this opportunity to thank you for choosing to invest with Eastspring Investments Berhad.

We are pleased to enclose a copy of the Annual/Interim/Quarterly Fund Reports of Eastspring Investments Berhad's fund(s) for the reporting period ended 31 March 2018.

You may also download these reports from our website at www.eastspringinvestments.com.my

Should you require any assistance, please do not hesitate to contact our Client Services at 03-2332 1000.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Raymond Tang Chee Kin', written in a cursive style.

Raymond Tang Chee Kin

Non-Independent, Executive Director and Chief Executive Officer

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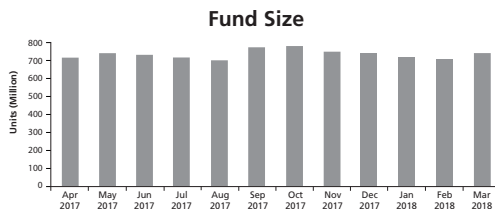
FUND INFORMATION

Name of Fund	Eastspring Investments Dana al-Ilham (the "Fund")
Fund Category/ Type	Shariah equity/growth
Fund Objective	<p>The Fund seeks to provide investors with high* capital appreciation** from Shariah-compliant investments which have the potential of substantial value appreciation.</p> <p>ANY MATERIAL CHANGES TO THE FUND'S OBJECTIVE WOULD REQUIRE UNIT HOLDERS' APPROVAL.</p> <p>* high generally refers to potentially higher capital appreciation than the market average.</p> <p>** high returns are generally associated with high investment risks.</p>
Performance Benchmark	<p>The performance benchmark of the Fund is FBMS.</p> <p>Source: www.bursamalaysia.com</p> <p>Note: The risk profile of the Fund is different from the risk profile of the performance benchmark.</p>
Fund Income Distribution Policy	Incidental

FUND INFORMATION (CONTINUED)

Breakdown of Unit Holdings by Size

As at 31 March 2018, the size of Eastspring Investments Dana al-Ilham stood at 744.248 million units.



Breakdown of Unit Holdings

Unit Holdings	No. of Unit Holders	%	No. of Units* ('000)	%
5,000 units and below	3,606	22.46	10,016	1.35
5,001 to 10,000 units	3,179	19.80	23,461	3.15
10,001 to 50,000 units	7,140	44.48	165,213	22.20
50,001 to 500,000 units	2,076	12.94	221,000	29.69
500,001 units and above	52	0.32	324,555	43.61
Total	16,053	100.00	744,245	100.00

* excludes units held by the Manager.

KEY PERFORMANCE DATA

FOR THE FINANCIAL YEAR ENDED

Category	31.3.2018	31.3.2017	31.3.2016
	(%)	(%)	(%)
Quoted Shariah-compliant securities			
Conglomerate	-	-	0.95
Construction	6.11	5.13	10.82
Consumer	1.04	0.52	-
Consumer Product	7.76	3.75	-
Finance	4.06	3.55	3.88
Health Care	8.33	13.18	11.52
Industrial Product	9.88	4.50	4.54
Infrastructure Project Company	2.99	4.18	2.47
i-REITS	0.84	2.01	0.18
Manufacturing	-	0.57	0.61
Plantation	5.63	9.88	4.21
Power/Utilities	-	1.49	2.24
Properties	3.79	3.29	5.01
Technology	5.95	2.76	8.23
Trading/Services	29.21	34.12	26.55
	85.59	88.93	81.21
Cash and other assets	14.41	11.07	18.79
Total	100.00	100.00	100.00

KEY PERFORMANCE DATA (CONTINUED)

Category	31.3.2018	31.3.2017	31.3.2016
Net Asset Value (NAV) (RM'000)	522,842	472,456	416,699
Units In Circulation (Units '000)	744,248	690,080	585,573
Net Asset Value Per Unit (RM)	0.7025	0.6846	0.7116
Highest Net Asset Value Per Unit (RM) [#]	0.7025	0.6870	0.7116
Lowest Net Asset Value Per Unit (RM) [#]	0.6945	0.6841	0.7070
Total Return (%)			
- Capital Growth	2.61	(3.79)	(4.02)
- Income Distribution	5.40	5.22	5.14
Total Return (%)	8.16	1.23	0.91
Gross Distribution Per Unit (RM)	0.0375	0.0357	0.0364
Net Distribution Per Unit (RM)	0.0374	0.0356	0.0362
Management Expense Ratio (MER) (%) [*]	1.68	1.68	1.68
Portfolio Turnover Ratio (PTR) (times) [^]	0.66	0.36	0.49

[#] Figure shown as ex-distribution.

^{*} There were no significant changes to the MER during the period under review.

[^] There were no significant changes to the PTR during the period under review.

KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.4.2017 to 31.3.2018	3 years 1.4.2015 to 31.3.2018	5 years 1.4.2013 to 31.3.2018
	(%)	(%)	(%)
Average total return	8.16	3.37	9.67

Year ended	1.4.2017 to 31.3.2018	1.4.2016 to 31.3.2017	1.4.2015 to 31.3.2016	1.4.2014 to 31.3.2015	1.4.2013 to 31.3.2014
	(%)	(%)	(%)	(%)	(%)
Annual total return	8.16	1.23	0.91	8.38	32.54

Source: The above total return of the Fund was sourced from Lipper for Investment Management.

Bases of calculation and assumptions made in calculating returns:

$$\text{Percentage growth} = \frac{\text{NAV}_t}{\text{NAV}_0} - 1$$

NAV_t = NAV at the end of the period

NAV_0 = NAV at the beginning of the period

$$\text{Performance annualised} = (1 + \text{Percentage Growth})^{1/n} - 1$$

Adjusted for unit split and distribution paid out for the period

$$n = \text{Number of years}$$

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

MANAGER'S REPORT

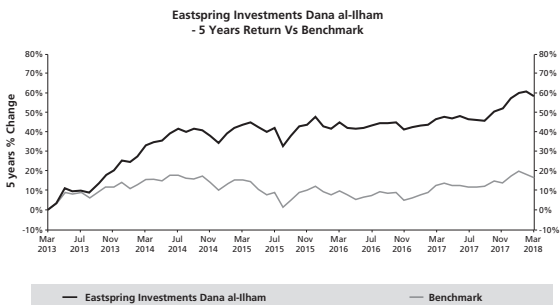
Fund Performance

Over the 5-year period, the Fund recorded a return of 58.69%, outperforming the benchmark return of 16.50% by 42.19%.

For the period under review, the Fund registered a return of 8.16%, outperforming the benchmark return of 3.27% by 4.89%.

The Fund outperformed the benchmark during the period under review mainly due to positive Shariah-compliant stock selections.

The Fund met its investment objective to provide investors with capital appreciation from Shariah-compliant investments.



The performance is calculated on NAV-to-NAV basis with gross income or dividend reinvested.

Benchmark: FTSE Bursa Malaysia EMAS Shariah Index

Source: Lipper for Investment Management and www.bursamalaysia.com, as at 31 March 2018.

Past performance of the Fund is not necessarily indicative of its future performance.

MANAGER'S REPORT (CONTINUED)

Analysis of Fund Performance

For the financial year ended 31 March 2018:

Income Return	Capital Return*	Total Return	Total Return of Benchmark
(%)	(%)	(%)	(%)
5.40	2.61	8.16	3.27

* Capital return components (NAV per unit to NAV per unit).

Distribution/
Unit Split

Ex-date	26-Mar-18
Distribution Per Unit	(RM)
Gross	0.0375
Net	0.0374
Unit Split	Nil

Impact on NAV arising from distribution for the financial year ended 31 March 2018.

Ex-Date	26-Mar-18
	(RM per Unit)
Net Asset Value before distribution	0.7319
Less: distribution	(0.0374)
Net Asset Value after distribution	0.6945

MANAGER'S REPORT (CONTINUED)

Investment Strategy During The Period Under Review

The Fund stayed overweight in tech and glove Shariah-compliant stocks but added exposure in selective downstream oil & gas Shariah-compliant stocks that have good growth prospects and strong earnings visibility. The Fund also raised exposure in consumer Shariah-compliant stocks given positive earnings outlook supported by the improvement in consumer sentiment. Meanwhile, exposure to telcos was gradually reduced due to rising competition and high valuations.

We continue to look for new Shariah-compliant stock ideas and may take gains on profitable positions and/or exit positions that have seen unfavourable changes to the company or industry dynamics. We like well managed companies backed by healthy balance sheets and strong cash flow with decent and sustainable earnings growth, preferably trading at attractive valuations.

MANAGER'S REPORT (CONTINUED)

Asset Allocation

Asset Allocation	31-Mar 2018 (%)	31-Mar 2017 (%)	Changes (%)
Quoted Shariah-compliant securities	85.59	88.93	(3.34)
Cash and other assets	14.41	11.07	3.34

Asset Allocation as at 31 March 2018



There were no significant changes in asset allocation of the Fund for the period under review.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund

There have been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unit holders during the period under review.

While in the Eastspring Investments First Supplementary Master Prospectus dated 2 February 2018, the designated fund manager of the Fund has been revised as set out in (i) below:

i. EXTERNAL INVESTMENT MANAGER FOR THE EASTSPRING INVESTMENTS DANA AL-ILHAM AND EASTSPRING INVESTMENTS DANA DINAMIK

Roles and Duties of the External Investment Manager

The Manager has appointed Eastspring Al-Wara' as the external investment manager for Eastspring Investments Dana al-Ilham and Eastspring Investments Dana Dinamik. The External Investment Manager is to invest the investments of the Funds in accordance with the Funds' objective and its Deeds, and subject to the Act, the Guidelines and any practice notes issued by the SC from time to time, as well as the internal policies and procedures of the Manager. The External Investment Manager reports to the investment committee of the Funds on a regular basis on the status of the portfolio, proposed investment strategy and other matters relating to the portfolio of the Funds.

MANAGER'S REPORT (CONTINUED)

State of Affairs of the Fund (continued)

The designated fund manager for the Funds is Juliana Binti Ramli.

Juliana Binti Ramli

Juliana joined Eastspring Al-Wara' in July 2017 as a senior fund manager. Juliana brings with her more than thirteen (13) years of experience in the financial services industry having started off in an insurance company after her graduation. Juliana then joined the fund management industry as an investment analyst with various companies before moving on to be a fund manager with Great Eastern Life and subsequently with Eastspring Al-Wara'. During her employment with Eastspring Al-Wara', Juliana was the fund manager for two (2) Shariah-compliant unit trust funds which won the best performing fund in 3-year, 5-year and 10-year categories from The Edge Thomson Reuters Lipper Malaysia Fund Awards 2015. Prior to rejoining Eastspring Al-Wara', Juliana was with Nomura Islamic Asset Management. Juliana graduated with a bachelor's degree in Information Technology ("IT") from the Multimedia University of Malaysia and holds a Master in Business Administration ("MBA") from HEC Montreal, Canada majoring in finance and investment.

MARKET REVIEW

Global markets generally performed well in the 2Q2017, despite uncertainty regarding United States (“US”) President Trump and potential trade protectionist policy, French elections, United Kingdom (“UK”) elections, tensions with North Korea, and crude oil supply concerns. U.K. Prime Minister Theresa May overestimated her support at the snap elections held on 8 June, and ended up with a minority government. North Korea has been busy testing the patience of the United Nations (“UN”) Security Council members, with 6 missile test launches in 2Q alone, crude oil ended the quarter lower at about US\$46 per barrel (“bbl”), down almost 5% year on year (“y-o-y”), on supply concerns, despite the calls by Saudi Arabia and three other Gulf countries to boycott Qatar. Malaysian equities continued its uptrend in the early part of 2Q, supported continued foreign fund flows and an appreciating ringgit. However the positive momentum hit a speed bump mid 2Q when TRX City announced that they were terminating the 60% stake sale of Bandar Malaysia to IWH-CREC joint venture, which brought up concerns of whether this could potentially jeopardise Malaysia’s relationship with China ahead of China’s One-Belt-One-Road Summit. Towards the end of the 2Q, profit taking activities set in ahead of the Hari Raya holidays, which also coincided with a flurry of Mergers and Acquisitions (“M&A”) related news such as DRB Hicom and Zhejiang Geely signing the agreement for 49.9% stake in Proton, RHB Bank and AMMB Holdings announcing their commencement of merger discussions, and CIMB Group looking to dispose a stake of their Malaysian stockbroking business to China Galaxy Securities.

The Malaysian equity market started the 3Q2017 on a volatile note, sparked by the lack luster response for the biggest Initial Public Offering (“IPO”) deal in Malaysia since 2012, as confidence in the IPO waned culminated by the disastrous results reported on the last day of the month. The annual Invest Malaysia conference did not provide much catalyst for the market, although the Prime Minister’s positive message on the state of economy and outlook provided investors with comfort. Malaysia’s lackluster 2Q2017 reported corporate earnings did nothing to help the direction of the market, in light of growing uncertainty regarding geopolitical tensions concerning North Korea, and the impact from US Hurricane Harvey which was the first major hurricane to make landfall in the United States since 2005. Malaysia’s Gross Domestic Product (“GDP”) growth for 2Q of 5.8% y-o-y surprised on the upside but was not enough of a catalyst to drive investor interest. Equity markets in Malaysia ended the quarter lower, succumbing to selling pressure, when the Federal Reserve signaled one more rate hike towards the year end. The launch of Apple’s Iphone X and Iphone 8 in the US was a little disappointing given the minimal obvious differences between the Iphone 7 and Iphone 8, and the high price point of the Iphone X.

The Malaysian equity market started the 4Q2017 on a volatile note, as the big cap stocks succumbed to some sell down, despite the rising Brent crude oil prices and the tabling of Budget 2018. The Budget 2018 announcement on the 27 October was as expected,

focused on implementing measures to increase households' disposable income, in particular the bottom 40% ("B40") income group, with special cash payments to be made to the 1.6m civil servants and civil servant retirees. Equity markets in Malaysia remained weak despite the stronger than expected 3Q2017 GDP growth data reported in November, and growing expectations of Bank Negara potentially hiking Overnight Policy Rate in 2018. During the middle of the 4Q2017 investors took note of US President Trump's visit to China which ended on a positive note with the usual trade deals lined up between the two countries, although most of the deals were still very preliminary. Organization of the Petroleum Exporting Countries ("OPEC") also announced their decision to extend its production cutting deal for another nine-months, providing support for oil prices. By the end of the 4Q2017, Brent crude oil hit USD66.8/bbl, levels not seen since May 2015, on the back of extended production cuts by OPEC and improving demand outlook as global growth recovery continues to be underway. Being one of the few net beneficiaries in the regions of higher oil prices, the Malaysian ringgit appreciated sharply towards the end of the 4Q to close at RM4.046/USD.

As with the beginning of each new year, 1Q2018 saw a good start for global markets and Malaysia, driven by improving economic prospect and positive investor sentiment despite the distraction of a three-day US government shutdown. Expectation of the ringgit to remain strong and continue to appreciate, amidst an environment of higher oil prices, Bank Negara Malaysia ("BNM") hiking Overnight Policy Rate ("OPR") by 25bps, and inflow of foreign funds into Malaysia. However this rally was short lived as come February global markets corrected sharply, ironically spooked by the stronger job and wage data in the US, stoking fears of higher than expected inflation which may result in the US Federal Reserve being more hawkish, triggering a sell-off in the US bond market. The Malaysian equity market corrected as foreign investors reduced their exposure in Malaysia with RM1.2 billion net outflow in February. Global market correction continued in the third month of the 1Q2018 as investors sold down US stocks on concerns regarding global growth given US President Trump's escalating protectionist stance. US imposed tariffs on steel and aluminum imports from China, Canada and the European Union ("EU"), resulting retaliating measures from the affected countries. Malaysian equity markets similarly was volatile in tandem with global markets, given the openness of the Malaysian economy. However, the Malaysian ringgit during the period managed to maintain its strength against the USD, appreciating 3.02% quarter on quarter ("q-o-q"), supported by firmer oil prices.

The FBM KLCI closed the year under review at 1,863.46 points, up 7.09%. The broader FBM Emas ("FBMEmas") Index closed the period under review up by 5.53%. The MSCI Asia Pacific ex-Japan Index gained by 17.66% in USD terms.¹

¹ Source: Bloomberg: World indices

REBATES AND SOFT COMMISSIONS

During the period under review, the Manager and its delegates (if any) received goods and services which directly assist the investment management of the Fund, including research and advisory services, market analyses, data and quotation services, and computer hardware and software used for and/or in support of the investment process of fund managers.

The Manager and its delegates (if any) have not received any rebates or shared any commissions from any brokers during the same period under review.

EASTSPRING INVESTMENTS DANA AL-ILHAM

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

STATEMENT BY THE MANAGER

We, Tang Chee Kin and Khoo Chuan Keat, being two of the Directors of Eastspring Investments Berhad, do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 23 to 64 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 March 2018 and of its financial performance, changes in equity and cash flows for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,
EASTSPRING INVESTMENTS BERHAD

TANG CHEE KIN
Executive Director/Chief Executive Officer

KHOO CHUAN KEAT
Director

Kuala Lumpur
Date: 16 May 2018

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS DANA AL-ILHAM

We have acted as Trustee for Eastspring Investments Dana al-Ilham (the "Fund") for financial year ended 31 March 2018. To the best of our knowledge, for the financial year under review, Eastspring Investments Berhad (the "Manager") has operated and managed the Fund in accordance with the following:

- a. limitations imposed on the investment powers of the Manager under the Deed(s), the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- b. valuation and pricing for the Fund has been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements; and
- c. creation and cancellation of units for the Fund have been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements.

We are of the view that the distribution made during this financial year ended 31 March 2018 by the Manager is not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Richard Lim Hock Seng
Chief Executive Officer

Kuala Lumpur
Date: 16 May 2018

SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS DANA AL-ILHAM

We have acted as the Shariah Adviser of Eastspring Investments Dana al-Ilham. Our responsibility is to ensure that the procedures and processes employed by Eastspring Investments Berhad are in accordance with Shariah principles.

In our opinion, Eastspring Investments Berhad has managed and administered Eastspring Investments Dana al-Ilham in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Shariah matters for the financial year ended 31 March 2018.

In addition, we also confirm that the investment portfolio of Eastspring Investments Dana al-Ilham comprises securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission ("SACSC"). As for the securities which are not certified by the SACSC, we have reviewed the said securities and opine that these securities are designated as Shariah-compliant.

For and on behalf of the Shariah Adviser

IBFIM

MUHAMMAD KHAIRULNIZAM BIN ALIAS

Consultant (Shariah)/Designated Person Responsible for Shariah Advisory

Kuala Lumpur

Date: 16 May 2018

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF EASTSPRING INVESTMENTS DANA AL-ILHAM

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Eastspring Investments Dana al-Ilham ("the Fund") give a true and fair view of the financial position of the Fund as at 31 March 2018, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 23 to 64.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's Report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determine is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to liquidate the Fund or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- d. Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

This report is made solely to the unit holder of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT

LLP0014401-LCA & AF 1146

Chartered Accountants

Kuala Lumpur

Date: 16 May 2018

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018	2017
		RM	RM
INVESTMENT INCOME			
Gross dividend income		12,255,761	9,237,506
Profit income from Islamic deposits with licensed financial institutions		1,899,393	2,182,047
Net gain on financial assets at fair value through profit or loss	7	39,880,617	2,122,006
		<u>54,035,771</u>	<u>13,541,559</u>
EXPENSES			
Management fee	3	(7,759,721)	(6,311,341)
Trustee fee	4	(362,120)	(294,529)
Audit fee		(7,000)	(7,000)
Tax agent fee		(4,600)	(3,400)
Other expenses		(76,505)	(47,703)
GST charges		(488,862)	(397,691)
Transaction costs		(2,191,993)	(921,013)
		<u>(10,890,801)</u>	<u>(7,982,677)</u>
PROFIT BEFORE TAXATION		43,144,970	5,558,882
TAXATION	5	<u>(30,335)</u>	<u>(23,873)</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME		<u>43,114,635</u>	<u>5,535,009</u>
Profit after taxation is made up of the following:			
Realised amount		(7,556,600)	7,525,583
Unrealised amount		50,671,235	(1,990,574)
		<u>43,114,635</u>	<u>5,535,009</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Note	2018	2017
		RM	RM
ASSETS			
Cash and cash equivalents	8	68,374,247	50,847,591
Amount due from brokers		6,706,769	-
Amount due from Manager		2,386,956	7,777,029
Dividends receivable		642,176	229,911
Tax recoverable		28,879	28,879
Financial assets at fair value through profit or loss	7	447,471,951	419,938,924
TOTAL ASSETS		<u>525,610,978</u>	<u>478,822,334</u>
LIABILITIES			
Amount due to brokers		-	3,157,938
Amount due to Manager		1,945,837	2,464,046
Accrued management fee		666,489	582,379
Amount due to Trustee		31,103	27,178
Distribution payable		47,305	71,484
Other payables and accruals		37,590	26,857
GST charges payable		40,425	36,573
TOTAL LIABILITIES		<u>2,768,749</u>	<u>6,366,455</u>
NET ASSET VALUE OF THE FUND		<u>522,842,229</u>	<u>472,455,879</u>
EQUITY			
Unit holders' capital		450,062,672	435,370,410
Retained earnings		72,779,557	37,085,469
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		<u>522,842,229</u>	<u>472,455,879</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>744,247,856</u>	<u>690,080,034</u>
NET ASSET VALUE PER UNIT (RM) (EX-DISTRIBUTION)		<u>0.7025</u>	<u>0.6846</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Unit holders' capital	Retained earnings	Total
		RM	RM	RM
Balance as at 1 April 2017		435,370,410	37,085,469	472,455,879
Movement in unit holders' contribution:				
Creation of units from applications		231,520,882	-	231,520,882
Creation of units from distribution		26,352,933	-	26,352,933
Cancellation of units		(224,201,862)	-	(224,201,862)
Total comprehensive income for the financial year		-	43,114,635	43,114,635
Distribution (Gross: 3.75 sen/Net: 3.74 sen)	6	(18,979,691)	(7,420,547)	(26,400,238)
Balance as at 31 March 2018		<u>450,062,672</u>	<u>72,779,557</u>	<u>522,842,229</u>
Balance as at 1 April 2016		377,233,246	39,465,866	416,699,112
Movement in unit holders' contribution:				
Creation of units from applications		176,333,832	-	176,333,832
Creation of units from distribution		23,004,345	-	23,004,345
Cancellation of units		(126,040,590)	-	(126,040,590)
Total comprehensive income for the financial year		-	5,535,009	5,535,009
Distribution (Gross: 3.57 sen/Net: 3.56 sen)	6	(15,160,423)	(7,915,406)	(23,075,829)
Balance as at 31 March 2017		<u>435,370,410</u>	<u>37,085,469</u>	<u>472,455,879</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018	2017
		RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of Shariah-compliant investments		343,072,029	117,260,354
Purchase of Shariah-compliant investments		(340,589,145)	(190,851,499)
Dividends received		11,813,161	9,551,152
Profit income received from Islamic deposits with licensed financial institutions		1,899,394	2,182,047
Management fee paid		(7,675,612)	(6,240,203)
Trustee fee paid		(358,195)	(291,209)
Payment for other fees and expenses		(2,754,377)	(451,523)
Net cash generated from/(used in) operating activities		<u>5,407,255</u>	<u>(68,840,881)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		236,910,957	174,958,298
Payments for cancellation of units		(224,720,072)	(123,912,094)
Distribution paid		(71,484)	(53,625)
Net cash generated from financing activities		<u>12,119,401</u>	<u>50,992,579</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		17,526,656	(17,848,302)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>50,847,591</u>	<u>68,695,893</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	<u>68,374,247</u>	<u>50,847,591</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

A. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), as modified by financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires the Manager to exercise their judgment in the process of applying the Fund's accounting policies. Although these estimates and judgment are based on the Manager's best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note K to the financial statements.

The Fund has applied the following amendments for the first time for the financial period beginning on 1 April 2017:

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative' introduce an additional disclosure on changes in liabilities arising from financing activities

Other than the above, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

The new standards, amendments to published standards and interpretations to existing standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

- Financial year beginning on/after 1 April 2018
 - MFRS 9 "Financial Instruments" (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement".

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity’s business model and the cash flow characteristics of the financial asset. Investments in equity instruments¹ are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument² is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest³.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives¹. The main changes are:

- For financial liabilities classified as FVTPL, the fair value changes due to own credit risk should be recognised directly to OCI. There is no subsequent recycling to profit or loss.
- When a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate⁴, should be recognised immediately in profit or loss.

MFRS 9 introduces an expected credit loss (“ECL”) model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Fund has reviewed its financial assets and liabilities and has assessed the impacts from the adoption of the new standard on 1 January 2018 as below:

There will be no impact on the Fund’s accounting for financial assets as the Fund’s quoted securities currently measured at fair value through profit or loss will continue to be measured on the same basis under MFRS 9.

¹ For the purposes of the investments made by the Fund, equity instruments and derivatives refers to Shariah-compliant equity instruments and Shariah-compliant derivatives.

² For the purposes of the investments made by the Fund, debt instruments refers to sukuk.

³ For the purposes of this Fund, interest refers to profits earned from Shariah-compliant investments.

⁴ For the purposes of this Fund, the method used is the original effective profit rate.

There will be no impact on the Fund's accounting for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Fund does not have any such liabilities.

The new impairment model requires the recognition of impairment provisions based on ECL rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost. Based on the assessments undertaken to date, the Fund does not expect any loss allowance to be recognised upon adoption of MFRS 9.

B. INCOME RECOGNITION

Profit income earned from Islamic deposits is recognised on the accrual basis, using the effective profit method.

Dividend income is recognised on the ex-dividend date, when the right to receive the dividend has been established.

Realised gain or loss on disposal of Shariah-compliant securities are accounted for as the difference between the net disposal proceeds and the carrying amount of Shariah-compliant securities, which is determined on a weighted average cost basis.

C. TAXATION

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable income earned during the financial year.

D. PRESENTATION AND FUNCTIONAL CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's presentation and functional currency.

E. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

i. Classification

The Fund designates its Shariah-compliant investments in quoted Shariah-compliant securities as financial assets at fair value through profit or loss at inception.

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets.

The Fund's receivables comprise amount due from brokers, amount due from Manager, dividends receivable and cash and cash equivalents.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The Fund's financial liabilities include amount due to brokers, amount due to Manager, accrued management fee, amount due to Trustee, distribution payable, other payables and accruals and GST charges payable.

ii. Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the Shariah-compliant investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

Financial liability is derecognised when the obligation under the liability is extinguished; i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Unrealised gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the statement of comprehensive income within "net gain/(loss) on financial assets at fair value through profit and loss" in the period in which they arise. Any unrealised gains however are not distributable.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

Quoted Shariah-compliant securities in Malaysia are valued at the last done market price quoted on Bursa Malaysia Securities Berhad ("Bursa Securities") at the date of the statement of financial position.

If a valuation based on the market price does not represent the fair value of the Shariah-compliant securities, for example during abnormal market conditions or no market price is available, including in the event of a suspension in the quotation of the Shariah-compliant securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the Shariah-compliant securities are valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

Islamic deposits with licensed financial institutions are stated at cost plus accrued profit calculated on the effective profit method over the period from the date of placement to the date of maturity of the respective Islamic deposits.

Receivables and other financial liabilities are subsequently carried at amortised cost using the effective profit method.

iii. Impairment for assets carried at amortised costs

For assets carried at amortised cost, the Fund assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective profit rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in statement of comprehensive income. If "receivables" have a variable profit rate, the discount rate for measuring any impairment loss is the current effective profit rate determined under the contract.

As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

F. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balance and Islamic deposits with licensed financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

G. UNIT HOLDERS' CAPITAL

The unit holders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's net assets value;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if unit holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units.

H. AMOUNT DUE FROM/(TO) BROKERS

Amount due from and to brokers represent receivables for Shariah-compliant securities sold and payables for Shariah-compliant securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amount are recognised initially at fair value and subsequently measured at amortised cost using the effective profit method, less provision for impairment for amount due from brokers. A provision for impairment of amount due from brokers is established when there is objective evidence that the Fund will not be able to collect all amount due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, profit income is recognised using the rate of profit used to discount the future cash flows for the purpose of measuring the impairment loss.

The effective profit method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the profit income or profit expense over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective profit rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective profit rate, transaction costs and all other premiums or discounts.

I. DISTRIBUTION

A distribution to the Fund's unit holders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the period in which it is approved.

J. SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Investment Committee of the Fund's Manager that undertakes strategic decisions for the Fund.

K. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Funds' results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgments are continually evaluated by the Manager and the Trustee and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In undertaking any of the Fund's Shariah-compliant investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with Securities Commission Guidelines on Unit Trust Funds.

However, the Manager is of the opinion that in applying the accounting policies, no significant judgment was required.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

1. INFORMATION ON THE FUND

Eastspring Investments Dana al-Ilham (the "Fund") was constituted pursuant to the execution of a Master Deed dated 25 July 2002 as amended by a Supplemental Master Deed dated 22 June 2004 and a Second Supplemental Master Deed dated 25 January 2005, followed by Supplemental Master Deed dated 12 July 2007 and Second Supplemental Master Deed dated 30 November 2009 between HSBC (Malaysia) Trustee Berhad ("HSBC Trustee") and Eastspring Investments Berhad (the "Manager"). The Fund replaced HSBC Trustee with Deutsche Trustees Malaysia Berhad (the "Trustee") effective 1 October 2010. A Supplemental Master Deed was entered into between the Manager and the Trustee on 30 July 2010 to effect the change of trustee from HSBC Trustee to the Trustee, followed by a Second Supplemental Master Deed dated 28 January 2011, a Third Supplemental Master Deed dated 9 March 2011, a Fourth Supplemental Master Deed dated 20 January 2012, a Fifth Supplemental Master Deed dated 26 March 2014, a Sixth Supplemental Master Deed dated 2 January 2015, a Seventh Supplemental Master Deed dated 11 July 2016 and an Eighth Supplemental Master Deed dated 25 January 2017 (collectively referred to as the "Deed").

The Fund was launched on 14 August 2002 and will continue its operations until terminated as provided under Part 12 of the Deed.

The Fund invests principally in a diversified portfolio of Shariah-compliant equities and equity-related securities that are undervalued and have good growth potential. All Shariah-compliant investments will be subjected to the Securities Commission's ("SC") Guidelines on Unit Trust Funds, the Deed and the objective of the Fund.

The Fund seeks to provide investors with high capital appreciation from Shariah-compliant investments which have the potential of substantial value appreciation.

The Manager is a company incorporated in Malaysia and is related to Prudential Plc., a public listed company in the United Kingdom. The principal activity of the Manager is the establishment and management of unit trust funds and asset management.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks, which include market risk (inclusive price risk and exposure to interest rate risk), liquidity risk, stock/issuer risk, fund management risk, non-compliance risk, capital risk and reclassification of Shariah status risk and credit/default risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated in the Deed.

Financial instruments of the Fund are as follows:

	Note	Receivables	Financial assets at fair value through profit or loss	Total
		RM	RM	RM
2018				
Cash and cash equivalents	8	68,374,247	-	68,374,247
Amount due from Manager		2,386,956	-	2,386,956
Amount due from broker		6,706,769	-	6,706,769
Dividends receivable		642,176	-	642,176
Quoted Shariah-compliant securities	7	-	447,471,951	447,471,951
		<u>78,110,148</u>	<u>447,471,951</u>	<u>525,582,099</u>
2017				
Cash and cash equivalents	8	50,847,591	-	50,847,591
Amount due from Manager		7,777,029	-	7,777,029
Dividends receivable		229,911	-	229,911
Quoted Shariah-compliant securities	7	-	419,938,924	419,938,924
		<u>58,854,531</u>	<u>419,938,924</u>	<u>478,793,455</u>

All liabilities are financial liabilities which are carried at amortised cost.

Market risk

i. Price risk

This risk refers to changes and developments in regulations, politics and the economy of the country. The very nature of a Shariah-compliant Unit Trust Fund, however, helps mitigate this risk because a Fund would generally hold a well-diversified portfolio of Shariah-compliant securities from different market sectors so that the collapse of any one of the Shariah-compliant security or any one market sector would not impact too greatly on the value of the Fund.

The table below shows assets of the Fund as at 31 March which are exposed to price risk:

	2018	2017
	RM	RM
Quoted Shariah-compliant securities designated at fair value through profit or loss	447,471,951	419,938,924

The following table summarises the sensitivity of the Fund's profit after tax and net asset value to movements in prices of quoted Shariah-compliant securities at the end of each reporting year. The analysis is based on the assumptions that the market price of the quoted Shariah-compliant securities increased by 5% and decreased by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted Shariah-compliant securities, having regard to the historical volatility of the prices.

% Change in price of financial assets at fair value through profit or loss	Market value	Increase/(decrease) in profit after tax and net asset value
	RM	RM
<u>2018</u>		
+5%	469,845,549	22,373,598
-5%	425,098,353	(22,373,598)
<hr/>		
<u>2017</u>		
+5%	440,935,870	20,996,946
-5%	398,941,978	(20,996,946)
<hr/>		

ii. Exposure to interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Interest rate risk refers to interest rate movements, which will affect the returns on the Shariah-compliant investments held by the Fund.

The above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is a Shariah-compliant Unit Trust Fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All the investments are carried out for the Fund are in accordance with Shariah requirements.

As at the date of the statement of financial position, all the financial assets and financial liabilities no exposure to interest rate movement except for Islamic deposits with licensed financial institutions of RM67,911,720 (2017: RM50,586,452) which have maturities of less than one year.

The Fund's investments in Islamic deposits with licensed financial institutions are short-term in nature. Therefore, exposure to interest rate fluctuations is minimal.

The Fund is not exposed to cash flow interest rate risk as the Fund does not hold any financial instruments at variable interest rate.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Fund Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The Fund maintains sufficient level of Islamic liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Islamic liquid assets comprise bank balances, Islamic deposits with licensed financial institutions and other Shariah-compliant instruments which are capable of being converted into cash within 7 days.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month	Between 1 month to 1 year	Total
	RM	RM	RM
<u>2018</u>			
Amount due to Manager	1,945,837	-	1,945,837
Accrued management fee	666,489	-	666,489
Amount due to Trustee	31,103	-	31,103
Distribution payable	47,305	-	47,305
Other payables and accruals	-	37,590	37,590
GST charges payable	40,425	-	40,425
Contractual cash outflows	<u>2,731,159</u>	<u>37,590</u>	<u>2,768,749</u>
<u>2017</u>			
Amount due to brokers	3,157,938	-	3,157,938
Amount due to Manager	2,464,046	-	2,464,046
Accrued management fee	582,379	-	582,379
Amount due to Trustee	27,178	-	27,178
Distribution payable	71,484	-	71,484
Other payables and accruals	-	26,857	26,857
GST charges payable	36,573	-	36,573
Contractual cash outflows	<u>6,339,598</u>	<u>26,857</u>	<u>6,366,455</u>

Stock/issuer risk

The Fund is restricted to investment in Shariah-compliant securities issued by and Shariah-compliant securities relating to any issuer of not more than fifteen percent (15%) of its net asset value. Furthermore, the Fund is restricted to invest in Shariah-compliant securities issued by and Shariah-compliant securities relating to any group of companies of not more than twenty percent (20%) of its net asset value. Under such restrictions, the exposure risk to the Shariah-compliant securities of any single issuer or any one group of companies is minimised.

Fund management risk

There is the risk that the management company may not adhere to the investment mandate of the respective Fund. With close monitoring by the investment committee, back office system being incorporated with limits and controls, and regular reporting to the senior management team, the management company is able to manage such risk. The Trustee have an oversight function over management of the Fund by the management company to safeguard the interests of unit holders.

Non-compliance risk

Non-compliance risk arises when the Manager and others associated with the Fund do not comply to the rules set out in the Fund's constitution or the law that governs the Fund or applicable internal control procedures, or act fraudulently or dishonestly.

The non-compliance may expose the Fund to higher risks which may result in a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the Manager.

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM450,062,672 (2017: RM435,370,410) and retained earnings of RM72,779,557 (2017: RM37,085,469). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the Shariah-compliant investment activities of the Fund.

Reclassification of Shariah status risk

The risk that the currently held Shariah-compliant securities in the portfolio of Shariah-compliant funds may be reclassified to be Shariah non-compliant upon review of the securities by the Shariah Advisory Council of the Securities Commission performed twice yearly. If this occurs, the value of the fund may be adversely affected where the Manager will take the necessary steps to dispose of such securities.

There may be opportunity loss to the Fund due to the Fund not being allowed to retain the excess capital gains derived from the disposal of the Shariah non-compliant securities. The value of the Fund may also be adversely affected in the event of a disposal of Shariah non-compliant securities at a price lower than the investment cost.

Credit/default risk

Credit risk refers to the ability of an issuer or a counter party to make timely payments of profit, principals and proceeds from realisation of Shariah-compliant investments.

The credit risk arising from placements of Islamic deposits with licensed financial institutions is managed by ensuring that the Fund will only place Islamic deposits with reputable licensed financial institutions. For amount due from brokers, the settlement terms are governed by the relevant rules and regulations as prescribed by Bursa Securities. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on Unit Trust Funds.

The credit/default risk is minimal as all transactions in quoted Shariah-compliant securities are settled/paid upon delivery using approved brokers.

The following table sets out the credit risk concentrations and counterparties of the Fund:

	Cash and cash equivalents	Dividends receivable	Amount due from Manager	Amount due from broker	Total
	RM	RM	RM	RM	RM
2018					
Finance					
- AA1	462,527	-	-	-	462,527
- AAA	67,911,720	-	-	-	67,911,720
Consumer					
- NR	-	77,000	-	-	77,000
Industrial					
Product					
- NR	-	23,714	-	-	23,714
Properties					
- NR	-	143,355	-	-	143,355
Technology					
- NR	-	189,878	-	-	189,878
Telecommunication					
Service					
- NR	-	208,229	-	-	208,229
Other					
- NR	-	-	2,386,956	6,706,769	9,093,725
	<u>68,374,247</u>	<u>642,176</u>	<u>2,386,956</u>	<u>6,706,769</u>	<u>78,110,148</u>

	Cash and cash equivalents	Amount due from Manager	Dividends receivable	Total
	RM	RM	RM	RM
<u>2017</u>				
Finance				
- AA1	261,139	-	-	261,139
- AA3	30,074,794	-	-	30,074,794
- AAA	20,511,658	-	-	20,511,658
Properties				
- NR	-	-	114,684	114,684
Technology				
- NR	-	-	115,227	115,227
Other				
- NR	-	7,777,029	-	7,777,029
	<u>50,847,591</u>	<u>7,777,029</u>	<u>229,911</u>	<u>58,854,531</u>

None of these financial assets are past due or impaired.

Fair value estimation

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The fair value of financial assets traded in active market (such as trading Shariah-compliant securities) are based on quoted market prices at the close of trading on the year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is representative of the fair value.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques.

Fair value hierarchy

- i. The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:
- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.
 - Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
 - Level 3: Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
<u>2018</u>				
Financial assets at fair value through profit or loss:				
Quoted Shariah-compliant securities	447,471,951	-	-	447,471,951
<u>2017</u>				
Financial assets at fair value through profit or loss:				
Quoted Shariah-compliant securities	419,938,924	-	-	419,938,924

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active quoted Shariah-compliance securities. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note E to the financial statements.

- ii. The carrying value of cash and cash equivalents, amount due from brokers, amount due from Manager, dividends receivable and all liabilities are a reasonable approximation of their fair values due to their short term nature.

3. MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum on the net asset value of the Fund calculated on daily basis.

For the financial year ended 31 March 2018, the management fee is recognised at a rate of 1.50% (2017: 1.50%) per annum on the net asset value of the Fund, calculated on daily basis.

There will be no further liability to the Manager in respect of the management fee other than the amounts recognised above.

4. TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee, inclusive of custodian fee, at a rate not exceeding 0.20% per annum on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum.

For the financial year ended 31 March 2018, the Trustee fee is recognised at a rate of 0.07% (2017: 0.07%) per annum on the net asset value of the Fund, inclusive of local custodian fee, calculated on daily basis.

There will be no further liability to the Trustee in respect of the trustee fee other than the amounts recognised above.

5. TAXATION

	2018	2017
	RM	RM
Tax charged for the financial year:		
Current taxation – local	<u>30,335</u>	<u>23,873</u>

The numerical reconciliation between profit before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	2018	2017
	RM	RM
Profit before taxation	<u>43,144,970</u>	<u>5,558,882</u>
Tax at Malaysian statutory rate of 24% (2017: 24%)	10,354,793	1,334,132
Tax effect of:		
Investment income exempt from tax	(12,895,783)	(3,192,678)
Expenses not deductible for tax purposes	637,890	308,273
Restriction on the tax deductible expenses for Unit Trust Funds	1,975,903	1,607,569
Income subject to different tax rate	<u>(42,468)</u>	<u>(33,423)</u>
Taxation	<u>30,335</u>	<u>23,873</u>

6. DISTRIBUTION

	2018	2017
	RM	RM
Distribution to unit holders is from the following sources:		
Prior years' income:		
Dividend income	5,656,762	3,642,056
Profit income earned from Islamic deposits	1,060,838	726,227
Net realised gain on sale of Shariah-compliant investments	5,017,707	6,004,688
Distribution equalisation (Memorandum account)	<u>18,979,691</u>	<u>15,160,423</u>
Gross realised income	30,714,998	25,533,394
Less: Expenses	(4,232,659)	(2,383,753)
Less: Taxation	(82,101)	(73,812)
	<u>26,400,238</u>	<u>23,075,829</u>
Gross distribution per unit (RM)	<u>0.0375</u>	<u>0.0357</u>
Net distribution per unit (RM)	<u>0.0374</u>	<u>0.0356</u>
Ex-date	<u>26 March 2018</u>	<u>24 March 2017</u>

Gross distribution is derived using total income less total expenses. The distribution is made from prior year's realised income.

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

Distribution equalisation represents the average amount of distributable income included in the creation and cancellation prices of units. It is computed as at each date of creation and cancellation of units. For the purposes of determining amount available for distribution, distribution equalisation is included in the computation of realised gain or income available for distribution.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	RM	RM
Designated at fair value through profit or loss:		
Quoted Shariah-compliant securities	447,471,951	419,938,924
Net gain on financial assets at fair value through profit or loss:		
Realised (loss)/gain on disposals	(10,790,617)	4,112,580
Change in unrealised fair value gain/(loss)	50,671,234	(1,990,574)
	39,880,617	2,122,006

Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.3.2018	
	Units	RM	RM	%
<u>Construction</u>				
Advancecon Holdings Berhad	1,942,700	2,083,299	1,262,755	0.24
Econpile Holdings Berhad	7,025,750	6,201,254	6,920,364	1.32
Econpile Holdings Berhad - Warrant	1,405,150	-	252,927	0.05
Gabungan AQRS Berhad	7,256,300	12,429,168	11,610,080	2.22
Pintaras Jaya Berhad	1,187,800	4,696,547	3,800,960	0.73
WCT Holdings Berhad	6,195,200	11,196,838	8,115,712	1.55
	25,012,900	36,607,106	31,962,798	6.11
<u>Consumer</u>				
Magni-Tech Industries Berhad	1,100,000	7,975,000	5,445,000	1.04
<u>Consumer Product</u>				
Nestle (Malaysia) Berhad	262,700	21,228,984	40,587,150	7.76

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.3.2018	Fund
	Units	RM	RM	%
<u>Finance</u>				
BIMB Holdings Berhad	2,552,900	10,660,154	10,032,897	1.92
Syarikat Takaful Malaysia Berhad	3,372,400	9,043,899	11,196,368	2.14
	<u>5,925,300</u>	<u>19,704,053</u>	<u>21,229,265</u>	<u>4.06</u>
<u>Health Care</u>				
Hartalega Holdings Berhad	2,754,200	7,353,965	16,662,910	3.19
Kossan Rubber Industries Berhad	1,547,600	10,341,930	11,916,520	2.28
Top Glove Corporation Bhd	1,549,700	7,743,494	14,939,108	2.86
	<u>5,851,500</u>	<u>25,439,389</u>	<u>43,518,538</u>	<u>8.33</u>
<u>Industrial Product</u>				
Cahaya Mata Sarawak Berhad	1,196,100	5,167,295	4,724,595	0.90
Denko Industrial Corporation Berhad	1,595,300	2,472,715	2,552,480	0.49
DRB-Hicom Berhad	1,513,900	2,642,361	3,693,916	0.71
Lotte Chemical Titan Holding Berhad	1,551,100	8,779,132	9,446,199	1.81
Petronas Chemicals Group Berhad	2,693,800	21,767,050	22,250,788	4.26
Press Metal Aluminium Holdings Berhad	1,580,900	8,220,838	6,829,488	1.31
Prestar Resources Berhad	2,399,900	3,390,611	2,099,913	0.40
	<u>12,531,000</u>	<u>52,440,002</u>	<u>51,597,379</u>	<u>9.88</u>

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.3.2018	
	Units	RM	RM	%
<u>Infrastructure Project</u>				
<u>Company</u>				
Time DotCom Berhad	1,867,100	15,534,471	15,608,956	2.99
<u>Plantation</u>				
IOI Corporation Berhad	2,053,300	9,379,090	9,835,307	1.88
Kuala Lumpur Kepong Berhad	195,900	4,392,141	5,011,122	0.96
Sime Darby Plantation Berhad	2,644,834	14,707,819	14,599,484	2.79
	4,894,034	28,479,050	29,445,913	5.63
<u>Properties</u>				
Matrix Concepts Holdings Berhad				
	4,095,853	6,870,583	8,150,747	1.56
S P Setia Berhad	1,750,457	5,355,258	5,233,866	1.00
Sime Darby Property Berhad	4,524,234	6,820,862	6,424,412	1.23
	10,370,544	19,046,703	19,809,025	3.79
<u>i-REITS</u>				
Axis Real Estate Investment Trust				
	3,411,447	5,751,890	4,400,767	0.84
<u>Technology</u>				
Globetronics Technology Berhad				
	222,900	1,381,768	904,974	0.17
Inari Amertron Berhad	7,595,100	8,775,929	20,886,525	3.99
Vitrox Corporation Berhad	1,749,000	8,851,611	9,357,150	1.79
	9,567,000	19,009,308	31,148,649	5.95

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.3.2018	
	Units	RM	RM	%
<i>Trading/Services</i>				
Bermaz Auto Berhad	4,710,440	6,825,516	10,174,550	1.95
Dialog Group Berhad	8,801,200	16,685,828	27,019,684	5.17
Gas Malaysia Berhad	2,078,400	5,291,179	5,861,088	1.12
Maxis Berhad	808,900	4,691,158	4,643,086	0.89
MMC Corporation Berhad	2,942,100	5,374,055	4,972,149	0.95
MY E.G. Services Berhad	5,199,300	11,479,846	15,077,970	2.88
Serba Dinamik Holdings Berhad	5,889,300	12,343,164	20,141,406	3.85
Sime Darby Berhad	1,824,300	5,144,161	4,816,152	0.92
Telekom Malaysia Berhad	1,720,900	10,814,249	8,983,098	1.72
Tenaga Nasional Berhad	3,142,200	43,715,798	51,029,328	9.76
	<u>37,117,040</u>	<u>122,364,954</u>	<u>152,718,511</u>	<u>29.21</u>
TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES				
	<u>117,910,565</u>	<u>373,580,910</u>	<u>447,471,951</u>	<u>85.59</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>73,891,041</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>447,471,951</u>		

Quoted Shariah-compliant securities

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.3.2017	
	Units	RM	RM	%
<u>Construction</u>				
Econpile Holdings Berhad	1,403,400	1,969,753	3,143,616	0.67
IJM Corporation Berhad	4,971,000	16,507,856	16,901,400	3.58
Pintaras Jaya Berhad	1,187,800	4,696,547	4,181,056	0.88
	<u>7,562,200</u>	<u>23,174,156</u>	<u>24,226,072</u>	<u>5.13</u>
<u>Consumer</u>				
Salutica Berhad	1,475,900	1,180,720	2,449,994	0.52
<u>Consumer Product</u>				
Nestle (Malaysia) Berhad	157,200	12,264,649	12,478,536	2.64
NTPM Holdings Berhad	6,148,200	5,176,367	5,225,970	1.11
	<u>6,305,400</u>	<u>17,441,016</u>	<u>17,704,506</u>	<u>3.75</u>
<u>Finance</u>				
BIMB Holdings Berhad	1,269,500	5,076,161	5,649,275	1.20
Syarikat Takaful Malaysia Berhad	2,790,800	6,717,499	11,079,476	2.35
	<u>4,060,300</u>	<u>11,793,660</u>	<u>16,728,751</u>	<u>3.55</u>
<u>Health Care</u>				
Hartalega Holdings Berhad	1,368,600	6,572,206	6,788,256	1.44
IHH Healthcare Berhad	4,511,600	25,983,896	27,069,600	5.73
Kossan Rubber Industries Berhad	1,751,600	11,670,199	10,912,468	2.31
KPJ Healthcare Berhad	2,797,700	9,864,840	11,330,685	2.40
Top Glove Corporation Bhd	1,249,900	4,432,149	6,149,508	1.30
	<u>11,679,400</u>	<u>58,523,290</u>	<u>62,250,517</u>	<u>13.18</u>

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at	Percentage of net asset value of the Fund
			31.3.2017	
	Units	RM	RM	%
<u>Industrial Product</u>				
Lafarge Malaysia Berhad	1,577,600	11,299,893	10,569,920	2.24
Petronas Gas Berhad	541,200	11,819,493	10,694,112	2.26
	2,118,800	23,119,386	21,264,032	4.50
<u>Infrastructure Project Company</u>				
Digi.Com Berhad	2,998,400	14,715,862	15,381,792	3.26
Time Dotcom Berhad	500,000	3,868,000	4,350,000	0.92
	3,498,400	18,583,862	19,731,792	4.18
<u>Manufacturing</u>				
Evergreen Fibreboards Berhad	1,495,800	2,065,929	1,271,430	0.27
Pecca Group Berhad	890,100	1,263,942	1,397,457	0.30
	2,385,900	3,329,871	2,668,887	0.57
<u>Plantation</u>				
Batu Kawan Berhad	132,000	2,017,955	2,558,160	0.54
IOI Corporation Berhad	2,903,300	13,143,555	13,500,345	2.86
Kuala Lumpur Kepong Berhad	626,800	13,949,028	15,469,424	3.27
TSH Resources Berhad	3,137,550	6,976,034	5,867,219	1.24
United Plantations Berhad	326,800	7,870,401	9,313,800	1.97
	7,126,450	43,956,973	46,708,948	9.88
<u>Power/Utilities</u>				
Malakoff Corporation Berhad	5,826,700	10,599,233	7,050,307	1.49

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
<u>Properties</u>				
IOI Properties Group Berhad	3,425,187	8,162,420	7,090,137	1.50
Matrix Concepts Holdings Berhad	3,276,683	6,870,585	8,322,775	1.76
S P Setia Berhad	134,777	131,702	150,950	0.03
	<u>6,836,647</u>	<u>15,164,707</u>	<u>15,563,862</u>	<u>3.29</u>
<u>i-REITS</u>				
Axis Real Estate Investment Trust	3,834,347	6,446,722	6,326,673	1.34
KLCC Property Holdings Berhad	400,000	2,976,000	3,172,000	0.67
	<u>4,234,347</u>	<u>9,422,722</u>	<u>9,498,673</u>	<u>2.01</u>
<u>Technology</u>				
Inari Amertron Berhad	6,401,500	5,682,238	13,059,059	2.76
<u>Trading/Services</u>				
Axiata Group Berhad	6,464,348	34,452,490	32,709,601	6.93
Bermaz Auto Berhad	4,710,440	6,825,516	9,420,880	2.00
Bumi Armada Berhad	5,679,300	6,106,192	4,259,475	0.90
Dialog Group Berhad	5,541,600	8,522,799	9,808,632	2.08
Gas Malaysia Berhad	2,469,300	6,266,458	7,407,900	1.57
Petra Energy Berhad	882,700	1,130,806	953,316	0.20
Sapura Energy Berhad	4,282,400	6,536,656	7,793,968	1.65
Scicom (MSC) Berhad	3,270,600	7,406,626	7,849,440	1.66
Sime Darby Berhad	4,307,734	38,273,674	39,975,772	8.47
Tenaga Nasional Berhad	2,100,000	28,078,563	28,812,000	6.11
Uzma Berhad	2,571,900	4,444,587	4,629,420	0.98
Westports Holdings Berhad	1,830,400	6,702,916	7,413,120	1.57
	<u>44,110,722</u>	<u>154,747,283</u>	<u>161,033,524</u>	<u>34.12</u>

Quoted Shariah-compliant securities (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 31.3.2017	Percentage of net asset value of the Fund
	Units	RM	RM	%
TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES	<u>113,622,666</u>	396,719,117	<u>419,938,924</u>	88.93
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>23,219,807</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>419,938,924</u>	

8. CASH AND CASH EQUIVALENTS

	2018	2017
	RM	RM
Bank balance with a licensed bank	462,527	261,139
Islamic deposits with a licensed financial institutions	67,911,720	50,586,452
	<u>68,374,247</u>	<u>50,847,591</u>

The effective weighted average rate of return of Islamic deposits with licensed financial institutions per annum as at the date of the statement of financial position are as follows:

	2018	2017
	%	%
Islamic deposits with licensed financial institutions	<u>3.15</u>	<u>3.28</u>

The Islamic deposits have an average maturity of 2 days (2017: 4 days).

9. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investments portfolio of the Fund is Shariah-compliant, which comprises:

- a. Equity securities listed in Bursa Malaysia which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission;
- b. Investment in collective investment scheme was verified as Shariah-compliant by the Shariah; and
- c. Liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

10. UNITS IN CIRCULATION

	2018	2017
	No. of units	No. of units
At the beginning of the financial year	690,080,034	585,572,625
Creation of units during the financial year:		
Arising from applications	334,262,744	249,990,296
Arising from distribution	37,945,188	33,627,167
Cancellation of units during the financial year	<u>(318,040,110)</u>	<u>(179,110,054)</u>
At the end of the financial year	<u>744,247,856</u>	<u>690,080,034</u>

11. TRANSACTIONS WITH BROKERS

Details of transactions with the top 10 brokers and dealers are as follows:

Name of Brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2018</u>				
RHB Investment Bank Berhad	109,850,988	15.99	299,310	15.31
Maybank Investment Bank Berhad	94,330,250	13.73	385,726	19.72
KAF Seagroatt & Campbell Securities Sdn Bhd	70,325,908	10.23	186,402	9.53
UOB Kay Hian Securities (M) Sdn Bhd	68,125,189	9.91	187,084	9.57
CIMB Investment Bank Berhad	60,574,501	8.81	160,391	8.20
Credit Suisse Securities (Malaysia) Sdn Bhd	57,285,919	8.34	151,808	7.76
Affin Hwang Investment Bank Berhad	44,098,766	6.42	103,216	5.28
Kenanga Investment Bank Berhad	39,048,435	5.68	103,478	5.29
Hong Leong Investment Bank Berhad	35,368,378	5.15	93,726	4.79
CLSA Securities Malaysia Sdn Bhd	32,027,680	4.66	84,873	4.34
Others	76,173,991	11.08	199,593	10.21
	687,210,005	100.00	1,955,607	100.00

Name of Brokers	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<u>2017</u>				
Maybank Investment Bank Berhad	62,217,978	20.45	179,519	19.49
KAF Seagroatt & Campbell Securities Sdn Bhd	42,417,518	13.94	129,668	14.08
UOB Kay Hian Securities (M) Sdn Bhd	36,237,194	11.91	106,192	11.53
RHB Investment Bank Berhad	29,288,125	9.63	98,026	10.64
J.P. Morgan Securities (Malaysia) Sdn Bhd	20,513,330	6.74	59,868	6.50
Credit Suisse Securities (Malaysia) Sdn Bhd	18,484,492	6.07	57,527	6.25
Nomura Securities Malaysia Sdn Bhd	17,887,201	5.88	56,151	6.10
CIMB Investment Bank Berhad	15,565,682	5.12	47,640	5.17
Affin Hwang Investment Bank Berhad	13,357,075	4.39	42,321	4.60
Citigroup Global Markets (M) Sdn Bhd	13,131,488	4.32	40,300	4.37
Others	35,174,863	11.55	103,799	11.27
	<u>304,274,946</u>	<u>100.00</u>	<u>921,011</u>	<u>100.00</u>

All brokers highlighted above are not related to the Manager.

12. MANAGEMENT EXPENSE RATIO ("MER")

	2018	2017
	%	%
MER	1.68	1.68

MER is derived from the following calculation:

$$\text{MER} = \frac{(A + B + C + D + E)}{F} \times 100$$

A = Management fee

B = Trustee fee

C = Audit fee

D = Tax agent fee

E = Other expenses (inclusive GST charges)

F = Average net asset value of the Fund calculated on a daily basis

The average net asset value of the Fund for the financial year calculated on a daily basis is RM517,291,136 (2017: RM420,736,874).

13. PORTFOLIO TURNOVER RATIO ("PTR")

	2018	2017
PTR (times)	0.66	0.36

PTR is derived from the following calculation:

$$\frac{\text{(Total acquisitions for the financial year + total disposals for the financial year)} \div 2}{\text{Average net asset value of the Fund for the financial year calculated on a daily basis}}$$

where:

total acquisitions for the financial year = RM337,431,208 (2017: RM191,314,354)

total disposals for the financial year = RM349,778,797 (2017: RM112,960,592)

14. UNITS HELD BY THE MANAGER

The related party of and its relationship with the Fund is as follows:

Related party	Relationship			
Eastspring Investments Berhad	The Manager			
	2018		2017	
	No. of units	RM	No. of units	RM
Eastspring Investments Berhad	2,910	2,044	2,762	1,891

The above units were transacted at the prevailing market price.

The units are held legally by the Manager and are within the prescribed limit allowed by SC's Guidelines on Unit Trust Funds. Other than the above, there were no units held by the Directors or parties related to the Manager.

15. SEGMENTAL INFORMATION

The internal reporting provided to the chief operating decision-maker for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS. The CEO, who is the chief operating decision-maker, is responsible for the performance of the Fund and considers the business to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The reportable operating segments derive their income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within each portfolio. These returns consist of profit income, dividend income and gains on the appreciation in the value of Shariah-compliant investments.

There were no changes in the reportable operating segments during the financial year.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 16 May 2018.

CORPORATE DIRECTORY

THE MANAGER

NAME

EASTSPRING INVESTMENTS BERHAD

COMPANY NO.

531241-U

REGISTERED OFFICE

16th Floor, Wisma Sime Darby

Jalan Raja Laut

50350 Kuala Lumpur

BUSINESS OFFICE

Level 12, Menara Prudential

No. 10, Jalan Sultan Ismail

50250 Kuala Lumpur

TELEPHONE NO.

603-2052 3388

FAX NO.

603-2070 6129

EMAIL

cs.my@eastspring.com

WEBSITE

www.eastspringinvestments.com.my

TRUSTEE

NAME

DEUTSCHE TRUSTEES MALAYSIA BERHAD

COMPANY NO.

763590-H

REGISTERED OFFICE & BUSINESS OFFICE

Level 20, Menara IMC

No. 8, Jalan Sultan Ismail

50250 Kuala Lumpur

TELEPHONE NO.

603-2053 7522

FAX NO.

603-2053 7526

SHARIAH ADVISER

NAME

IBFIM

COMPANY NO.

763075-W

REGISTERED ADDRESS

No. 149A, 149B, 151B

Persiaran Raja Muda Musa

42000 Port Klang

Selangor Darul Ehsan

BUSINESS ADDRESS

3rd Floor, Menara Takaful Malaysia

Jalan Sultan Sulaiman

50000 Kuala Lumpur

TELEPHONE NO.

603-2031 1010

FAX NO.

603-2078 5250

EMAIL

sba@ibfim.com

WEBSITE

www.ibfim.com

SALE & PURCHASE OF UNITS

Eastspring Investments Berhad

Level 12, Menara Prudential
No. 10, Jalan Sultan Ismail
50250 Kuala Lumpur

TELEPHONE NO.
603-2332 1000

FAX NO.
603-2052 3366

BRANCHES

Petaling Jaya

Eastspring Investments Berhad
A-17-P1 & M
Block A, Jaya One
72A, Jalan Universiti
46200 Petaling Jaya, Selangor

TELEPHONE NO.
603-7948 1288

Kota Kinabalu

Eastspring Investments Berhad
Suite E3, 9th Floor
CPS Tower, Centre Point Sabah
No. 1, Jalan Centre Point
88000 Kota Kinabalu, Sabah

TELEPHONE NO.
6088-238 613

ENQUIRIES

CLIENT SERVICES
603-2332 1000

Eastspring Investments Berhad (531241-U)
Level 12, Menara Prudential
No. 10, Jalan Sultan Ismail, 50250 Kuala Lumpur
T: (603) 2052 3388 F: (603) 2070 6129
eastspringinvestments.com.my

Client Services
T: (603) 2332 1000 F: (603) 2052 3366
cs.my@eastspring.com